

**Port of Duluth
Clean and Efficient
Goods Movement Workshop**

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Recent Issues

- New federal standards for 8-hour ozone and PM 2.5
- New diesel engine standards, ultra-low sulfur diesel fuel, biodiesel requirements in MN
- MN regions threatening to violate federal standard for ozone and particulate matter and to be declared in non-attainment

Consequences of Non-attainment

- Environmental: diminished air quality and risk of damage to crops, forests, and habitat
- Economic: annual estimated control technology cost: \$189 - \$266 million (1999 MN Chamber study)
 - Increased permitting obstacles
 - Costs in labor and time to meet stricter regulations
- Health: links to pulmonary and cardiovascular issues

New Heavy Duty Diesel Engine Standards

- Approximately 13 million diesel engines in use in US
- Feds set the standards, states clean-up existing fleets
- Federal sectors:
 - On-road diesels
 - Non-road diesels
 - Locomotives
 - Marine vessels

Locomotives and Marine Vessels

- **Locomotives**

- 40+ year live cycles and multiple rebuilds
- Standards upgraded in 2002, phased-in with 3 tiers
- Fuel down to 500ppm sulfur by 2007 and 15ppm by 2012

- **Marine Vessels**

- 3 tiers based upon size, phased-in standards

Future Federal Funding: Overview

- **FY06 budget**
 - \$5 Million for National Clean Diesel Campaign
 - RFP for West Coast closes 3-23-06
 - \$7 Million for Clean School Bus USA
- **Transportation SAFETEA- LU**
 - CMAQ \$ for nonroad retrofit (over \$8 billion available)
 - Makes the construction equipment retrofits eligible for trust fund
 - Funding available now from MPOs
- **Energy Policy Act 2005**
 - Diesel Emission Reduction Act (DERA) \$1 Billion over 5 years
 - Authorization, still needs appropriation
 - Provisions for state programs

SAFETEA-LU

- The new transportation law recognizes retrofit projects as a priority for federal CMAQ funding and reiterates the importance of cost-effective emissions reduction strategies from mobile sources
 - For Nonattainment and Maintenance areas
 - On-highway truck projects funded
- CMAQ priority for nonroad diesel retrofits in construction via Metro Planning Organizations
 - In partnership with DOT, EPA must provide guidance to states on effectiveness of technologies and strategies
 - \$1.4 billion per year for 6 years
- Does not require any additional appropriation

Energy Policy Act Provisions

- **Diesel Emission Reduction Act (DERA)**

Authorizes \$200 million per year for 5 years

- Expect to fund 150-200 projects
- 70% of the funds EPA Grants and Loans
- 20% of the funds to establish State grant/loan programs
- An optional 10% of the funds can be used to increase state allocations for states that match federal funds

- **Fleet Modernization**

- \$100 M over 3 years (focus on ports)

- **Idle Reduction**

- \$140M over 3 years for idle reduction

Energy Policy Act (cont'd)

Amendments to the Biomass Research and Development Act of 2000

- Authorizes \$200 million for 10 years (FY 2006-2015) to develop technologies and processes necessary for abundant commercial production of biobased fuels at prices competitive with fossil fuels and a diversity of sustainable domestic sources of biomass for conversion to biobased fuels and biobased products.
- **Advanced Biofuel Technologies Program**
 - Authorizes EPA to spend \$110 million/year for 5 years (2005 to 2009) on biofuels technology development.
 - Priority shall be given to projects that enhance geographic diversity of alternative fuels and utilize feedstocks that represent 10% or less of ethanol or biodiesel fuel production in the US during the previous fiscal year.

President's FY07 Budget Request

- Includes \$50 million for DERA
 - Competitive grants for nonattainment areas
 - For all diesel sources: Marine, cargo handling equipment, trucks, trains, school buses, construction
 - Presumably 30% for state programs (\$15 million)
 - Still must go through Congress for appropriation

Clean Air Minnesota

- A voluntary partnership of businesses, environmental groups, government agencies, and citizens working together to achieve significant, measurable reductions in air pollution.
- Environmental outcomes
 - 2.2 tons per day reductions in first two years
 - More than 140,000 recipients of air quality alerts
 - More than 60 public and private partners committed to voluntary emission-reductions

Project Green Fleet

- Retrofit at least 500 school buses by 2008
- Raise at least \$2 million through diverse funding sources
- Initial work in Twin Cities, Rochester and Duluth areas

Clean Air Minnesota

A program of the
Minnesota Environmental
Initiative

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